

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, January 4, 1927 at 11:15 a.m.

- PRESENT: Governor Crissinger  
 Mr. Platt  
 Mr. Hamlin  
 Mr. Miller  
 Mr. James  
 Mr. Cunningham  
 Mr. Eddy, Secretary  
 Mr. McClelland, Asst. Secretary

The minutes of the meetings of the Federal Reserve Board held on December 30th were read and approved as amended.

The minutes of the meetings of the Federal Reserve Board held on December 31st were read and approved.

Matter approved on initials on January 3rd, namely, application of the First National Bank in Madill, Okla., for original stock (36 shares) in the Federal Reserve Bank of Dallas, effective if and when the Comptroller of the Currency issues a certificate of authority to commence business.

Formally approved.

Application for permission to exercise fiduciary powers made on behalf of The City-National Bank of Commerce of Columbus, Ohio, to be formed through the consolidation of the National Bank of Commerce and the City National Bank of Columbus; together with recommendation of the Law Committee that the application be approved, effective if and when the consolidated bank begins business.

Approved.

At this point, Mr. McIntosh joined the meeting.

The Governor presented draft of a circular letter to all Federal reserve banks, prepared in accordance with the action of the Board at the meeting on December 30th in approving a recommendation of the Committee on

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District #10 that the Governor be authorized to send a letter to every Federal Reserve bank, advising that the Federal Reserve Board does not approve of compensation or salary allowance to any officer or employee of any Federal Reserve bank, subsequent to the date on which actual service has been terminated without the Board's approval first having been obtained and that the Board disapproves of the payment of any compensation whatsoever to any officer or employee of any Federal Reserve bank whose services have been discontinued for cause, beyond the date on which the actual services were terminated.

After discussion, Mr. James moved that the Board reconsider its action of December 30th in authorizing the transmittal to all Federal Reserve banks of a letter along the lines of that submitted above.

Mr. James' motion being put by the Chair was carried.

Mr. James then moved that the above letter be not transmitted.

Mr. James' motion being put by the Chair was carried.

The Secretary then called attention to the fact that at the meeting on December 30th in considering the report of the Committee on District #10, regarding a probable violation of Section 22 of the Federal Reserve Act by Mr. Walter Robinson while employed as a Federal Reserve Bank Examiner at Kansas City, the Board acted on only two of the recommendations contained in the report, namely, in approving a letter submitted by the Committee, addressed to the Federal Reserve Agent at Kansas City, regarding payment of compensation to Mr. Robinson after his services were discontinued and in approving a recommendation of the Committee for a general letter to all

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Federal Reserve banks, which action the Board has just reconsidered. He stated that no action was taken with reference to the recommendations of the Committee regarding the reporting to the Department of Justice and the local United States District Attorney of Mr. Robinson's probable violation of the law and with regard to advice to be sent to the Federal Reserve Agent at Kansas City on the subject of filling the vacancy in his examining staff caused by the discontinuance of Mr. Robinson's services.

Mr. Cunningham then moved that the entire report of the Committee on District #10, submitted at the meeting on December 30th, be adopted, except, of course, its recommendation for a general letter to all Federal Reserve banks which has now been disapproved by the Board.

Mr. Cunningham's motion being put by the Chair was carried.

The Governor referred to the action of the Board at its meeting on December 30th in voting to reconsider its action of December 29th in directing the Secretary of the Board to advise the Federal Reserve Bank of New York that in the opinion of the Board Mr. Roy W. Furman, former Chief of the Bank's Credit Department, should be relieved of all duties at the Federal Reserve bank and immediately removed from the salary roll of the bank, because of certain alterations made by him in records kept in that Department.

After discussion, Mr. McIntosh moved that the Board approve payment of salary to Mr. Furman for a period of not to exceed sixty days from January 1, 1927.

Mr. McIntosh's motion being put by the Chair was carried, the members voting as follows:



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Governor Crissinger, "aye"  
Mr. Platt, "aye"  
Mr. Hamlin, "aye"  
Mr. McIntosh, "aye"  
Mr. Miller, "no"  
Mr. James, "no"  
Mr. Cunningham, "no"

Letter dated December 30th from the Secretary of the Federal Reserve Bank of New York, advising that the board of directors on that day made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

Telegram dated December 30th from the Chairman of the Federal Reserve Bank of San Francisco, advising that the board of directors on that day made no change in the bank's existing schedule of rates of discount and purchase.

Noted.

Letter dated January 3rd from the Assistant Federal Reserve Agent at New York, advising that the Bank of United States has received authority from the State Banking Department to open and maintain, on or after December 31, 1926, a branch at 3783-3785 Third Avenue, Borough of Bronx, New York City.

Noted.

Report of Committee on Salaries and Expenditures on letter dated December 29th from the Federal Reserve Agent at Dallas, requesting approval of an extension until January 15, 1927, with full pay, in leave of absence granted Miss Anabel Russell, an employee of the Statistical Department; the Committee recommending approval.

Approved.

Report of Committee on Examinations on letter dated December 29th

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from the Federal Reserve Agent at San Francisco, transmitting and recommending approval of application of the Mercantile Trust Company of California for permission to establish branches at 20th Avenue and Irving Street, Fillmore and California Streets and at the Fairmont Hotel, all in San Francisco; Mr. Platt Chairman of the Committee, recommending approval and Mr. Cunningham making no recommendation.

Following a discussion the above applications were referred back to the Committee on Examinations.

Report of Committee on Examinations on letter dated December 29th from the Federal Reserve Agent at San Francisco, transmitting and recommending approval of an application of the Mercantile Trust Company of California for permission to open a branch at the corner of Fifth and Mission Streets - 907 Mission Street, San Francisco, in lieu of the branch now operated at 2595 Mission Street; the Committee recommending approval.

Approved.

The Secretary then submitted draft of a proposed statement to the press regarding earnings, expenses and dividend payments of the Federal Reserve banks during 1926, with information also with respect to amounts transferred to surplus account and franchise tax paid at the end of the year.

After discussion, the above statement was approved as amended.

Matter ordered circulated at the meeting on December 23rd, namely, memorandum from Counsel dated December 17th with reference to the application of Mr. Edsel B. Ford for permission to serve at the same time as

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a director of the National Bank of Commerce, The Guardian Trust Company and the Guardian Bank of Detroit, all of Detroit, Michigan; the Guardian Bank of Detroit being in process of organization by stockholders of the Guardian Trust Company.

After discussion, Mr. Hamlin moved approval of the application.

Mr. Hamlin's motion being put by the Chair was carried, the members voting as follows:

- Governor Crissinger, "aye"
- Mr. Platt, "aye"
- Mr. Hamlin, "aye"
- Mr. McIntosh, "aye"
- Mr. Miller, "no"
- Mr. James, "no"
- Mr. Cunningham, "no"

Draft of letter to the Assistant Federal Reserve Agent at New York, prepared in accordance with the Board's instructions of December 28th, requesting the discontinuance in the Federal Reserve Agent's Department of the bank of studies into long time trends in prices, production, trade, etc., and the discontinuance at the end of the year 1927 of the services of Mr. Carl Snyder, Statistician, who is engaged in this work.

After discussion, Mr. Miller moved that the above letter be not transmitted and that in lieu of the letter the Governor of the Board be authorized to use his discretion as to the method of communicating to Mr. Snyder the action taken by the Board at the meeting on December 28th.

Mr. Miller's motion being put by the Chair was carried, the members voting as follows:

- Mr. Platt, "aye"
- Mr. Miller, "aye"
- Mr. James, "aye"
- Mr. Cunningham, "aye"
- Mr. McIntosh, "aye"
- Governor Crissinger "no"
- Mr. Hamlin, "no"



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The Governor presented an article on the subject "The Federal Reserve System in 1926" prepared by Mr. W. R. Burgess, Assistant Federal Reserve Agent at New York, for publication in the American Year Book, stating that the article has been examined by the Director of the Board's Division of Research and Statistics who sees no objection to its publication.

Upon motion, it was voted to approve publication of the article.

The Governor then reported that, in accordance with the action of the Board at its meeting on December 30th, he proposed to appoint Deputy Governor Case of the Federal Reserve Bank of New York, Governor Young of the Federal Reserve Bank of Minneapolis, and Chairman Martin of the Federal Reserve Bank of St. Louis, as a committee of three to make a study of the safekeeping function of the Federal Reserve banks.

The Secretary reported, in accordance with the instructions of the Board at its meeting on December 28th, with regard to salaries paid in New York City for positions comparable to those of Building Superintendent and Chief Engineer of the Federal Reserve Bank of New York, for which the directors of the New York bank recommended salaries of \$10,000 and \$7,000 per annum, respectively. The Governor called attention to the fact that a committee of Directors of the Federal Reserve Bank of New York is expected in Washington tomorrow and suggested that the matter of the salaries referred to be taken up with the committee by the Board's Committee on Salaries and Expenditures.

Upon motion, the Governor's suggestion was approved.

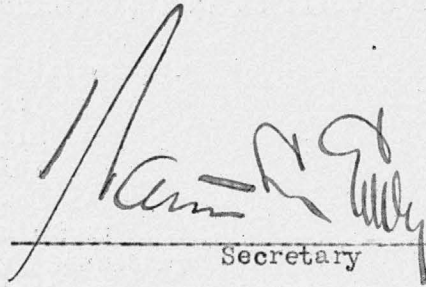
REPORTS OF STANDING COMMITTEES:

- Dated, January 3rd, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date.  
Approved.
- Dated, December 28th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.  
Approved.
- Dated, December 28th, Recommending approval of the application of Mr. Charles E. Taylor for permission to serve at the same time as director of the Murchison National Bank, Wilmington, N. C., and as director and officer of the Wilmington Savings & Trust Company, Wilmington, N. C.  
Approved.
- Dated, December 28th, Recommending approval of the application of Mr. J. V. Grainger for permission to serve at the same time as director of the Murchison National Bank, Wilmington, N. C., and as director of the Wilmington Savings & Trust Company, Wilmington, N. C.  
Approved.
- Dated, December 28th, Recommending approval of the application of Mr. Wilmot R. Evans for permission to serve at the same time as director of the Blue Hill National Bank, Milton, Mass., as director of the Everett National Bank, Everett, Mass., and as director of the First National Bank, Boston, Mass.  
Approved.
- Dated, January 3rd, Recommending approval of the application of Mr. John T. Cochrane for permission to serve at the same time as director of the Central National Bank, New York, N.Y., and as director of the Merchants Bank, Mobile, Ala.  
Approved.
- Dated, December 30th, Recommending approval of the application of Mr. Will W. Morrison for permission to serve at the same time as officer of the First National Bank, Bryan, Ohio, and as director of the Ohio Savings Bank and Trust Company, Toledo, Ohio.  
Approved.
- Dated, December 30th, Recommending approval of the application of Mr. Edward A. Pruden for permission to serve at the same time as director of the American National Bank, Newark, N.J., and as director of the Fidelity Union Trust Company, Newark, N. J.  
Approved.

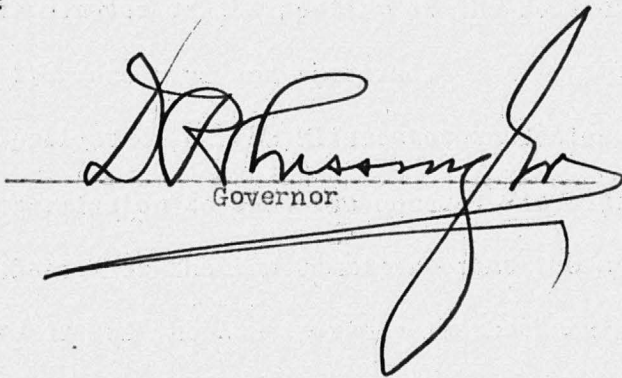


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The meeting adjourned at 12:45 p.m.

  
Secretary

Approved:

  
Governor